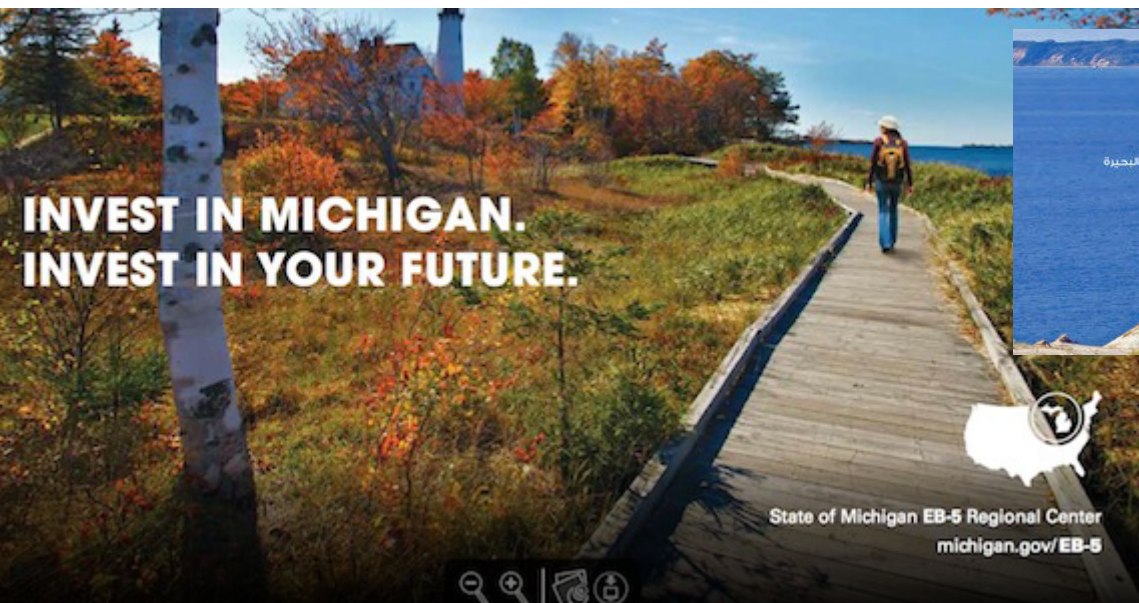


The Source for News and Information on the U.S. EB-5 Visa Program

JULY/AUGUST 2014



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EB5News.COM

USADVISORS.ORG

EB5Info.com is the source for news and information on the USCIS EB-5 Visa Immigrant Investor program and is powered by USAdvisors, a Registered Investment Advisory Firm, that performs independent Risk Analysis and Due Diligence on EB-5 Visa Regional Center projects to help clients make educated decisions based on facts related to the EB-5 Visa investment.

CONTACT

Michael Gibson,
Managing Director
Registered Investment Advisor
CRD #157403
michael@usadvisors.org
LinkedIn @EB5Info
Facebook
cell : 305.978.1108
office : 239.465.4160
Skype: usadvisors.org

Kris Stell, Managing Editor
kris@usadvisors.org
Skype: eb5news1

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EDITOR'S LETTER

by KRIS STELL
Managing Editor



This issue of EB-5 News starts off with the State of Michigan being designated as an EB-5 Regional Center. The process received great support starting with Michigan Governor Rick Snyder and the application was through in less than 80 days. He'd like to see 50,000 highly skilled immigrants in his state within five years, helping spur on the revitalization of bankrupt Detroit.

Bernie Wolfsdorf explains what's going on regarding the unavailability of China EB-5 visa for the remainder of FY2014 on page 11, and Yi Song examines the money laundering accusations within the Bank of China and what it means to the U.S. on page 20.

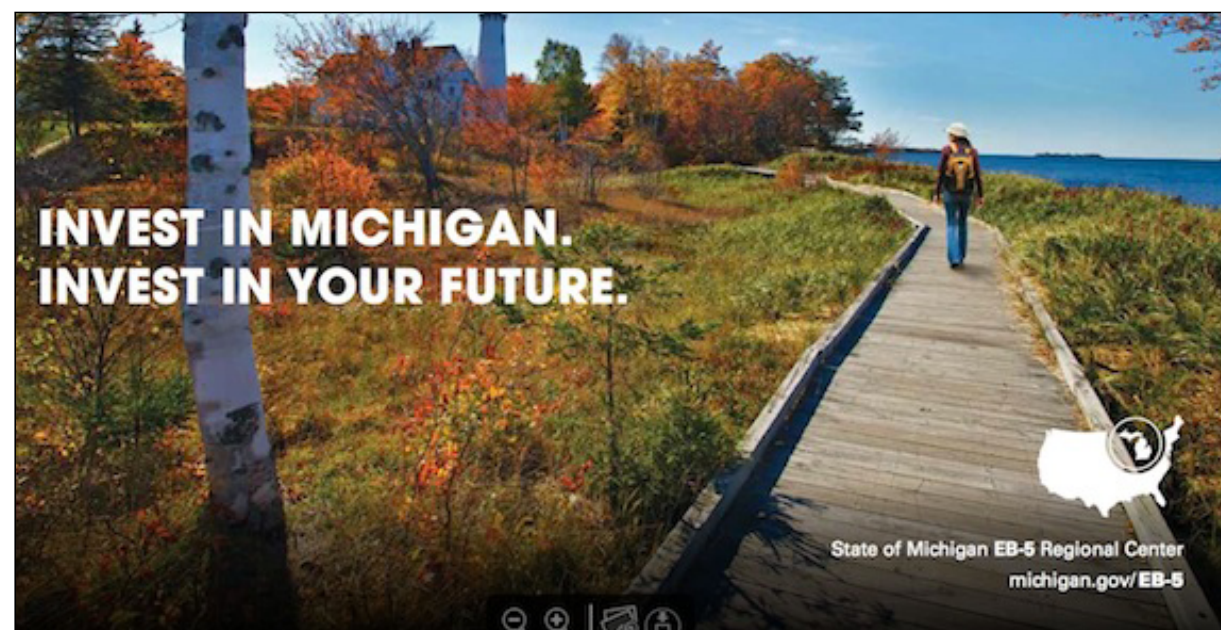
We round out the issue with information on and from two forums, "Impact Investing in Inner Cities: Putting Foreign Capital to Work Through EB-5" and "Putting Foreign Capital to Work Through EB-5." Additionally, the CIS Ombudsman report for 2014 is on page 17, with the unfortunate news being that processing times will likely increase throughout the remainder of FY 2014 as the IPO onboards and trains approximately 100 new adjudicators, economists, and other staff, but that means there's light at the end of the tunnel once they are all in place.

Kris Stell
Managing Editor
EB-5 News



by KRIS STELL
Managing Editor

State of Michigan Gets EB-5 Regional Center Approval



As of April 1, 2014, USCIS had approved approximately 480 regional centers, and to date, only two of them are managed by a state. The first is in Vermont, the second one is now in Michigan, which was granted approval in late March. This recent designation by the United States Citizenship and Immigration Services (USCIS) has been championed by Michigan Governor Rick Snyder as a way to help create jobs and attract investors to the state.

A *Michigan Live* article states that Michigan is already home to eight privately-run EB-5 centers and another managed by the city of Lansing, but they focus on investments in specific

geographic areas, whereas the new center will allow officials to highlight projects across the state.

Considered "the most pro-immigration governor



March 28, 2014

Joseph Borgstrom
State of Michigan EB-5 Regional Center, LLC
735 E. Michigan Avenue
Lansing, MI 48909

Application: Form I-924, Application for Regional Center under the Immigrant Investor Pilot Program

Applicant(s): State of Michigan EB-5 Regional Center, LLC

Re: Initial Regional Center Designation
State of Michigan EB-5 Regional Center, LLC
RCW1401451652/ID1401451652

in the country" Snyder in January created the Michigan Office for New Americans to coordinate immigrant services and advise on policy proposals. He would like to have 50,000 employment-based visas for bankrupt Detroit; here's the press conference. "Let's ask the federal government to change regulations to bring in highly skilled immigrants to the state. We'd like to see 50,000



for the MSHDA, is chief operating officer.

The approval process for Michigan, which normally takes nine to 12 months, was expedited in less than 80 days. Woosley attributed the unusually fast approval to the strong support of Gov. Snyder, the entire Michigan Congressional delegation and Detroit Mayor Mike Duggan.

The Projects

Promotion of the regional center promises a "pipe-



Gov. Snyder gave strong support for the Michigan regional center creation.

immigrants over five years coming to live and work in Detroit."

The Center

The Michigan Community Development Corporation (MCDC), a new entity created by the Michigan State Housing Development Authority (MSHDA) and State Land Bank, will administer the State of Michigan EB-5 Regional Center, according to the official website. MSHDA Executive Director Scott Woosley serves as president and CEO of the new corporation. Joseph Borgstrom, who has overseen downtown revitalization and Brownfield Redevelopment Programs



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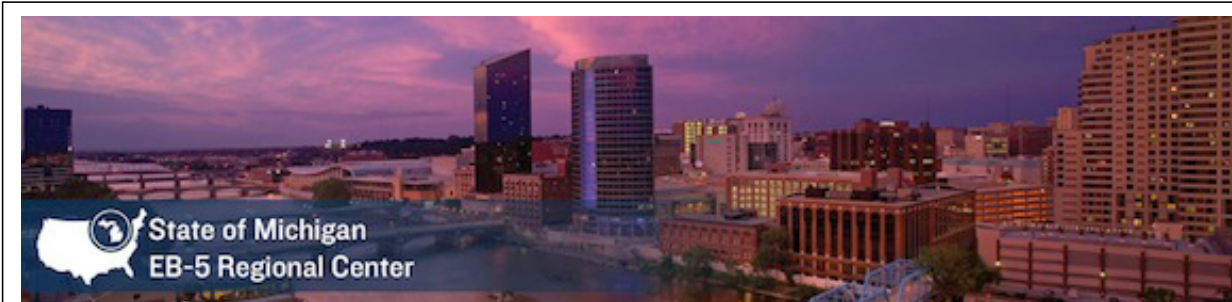
line of investment opportunities." The brochure touts the state as having the sixth fastest-growing state economy in the U.S. with declining unemployment and rising incomes.

"When we originally started thinking about the possible outcomes of this new program, our initial goals were to bring in \$30 to \$50 million of new private equity for projects each year and 600 jobs annually, but now we believe it could easily be multiples of that," Woosley said.

"I think the RC will help Michigan. Multiple communities and local economic development groups in the State of Michigan are very happy with the approval of the RC. The key is getting the right projects. RC is actively reviewing potential projects. Ten deals/projects have been brought to it for review. The projects are primarily mixed-use real estate projects, large and small. All of these deals are from the private sector. They are actively reviewing projects and are planning to announce the first project within the next two to three months," said Clara DeMatteis Mager, an attorney with Butzel Long in Detroit.

About

Joseph Borgstrom, Chief Operating Officer – (Joe) Borgstrom oversees the State of Michigan EB-5 Regional Center operations and has a long history of overseeing incentives and programs designed to spur private investment. As Chief Operating Officer, Mr. Borgstrom plays a leadership role in all aspects of the State of Michigan EB-5 Regional Center's operations from investor recruitment to project underwriting to compliance. His background includes overseeing the Michigan State Housing Development Authority's (MSHDA) efforts in downtown revitalization and managed MSHDA's role in the Michigan Brownfield program. As a result, Mr. Borgstrom and his team structured incentives for \$2 billion of private investment in Michigan com-



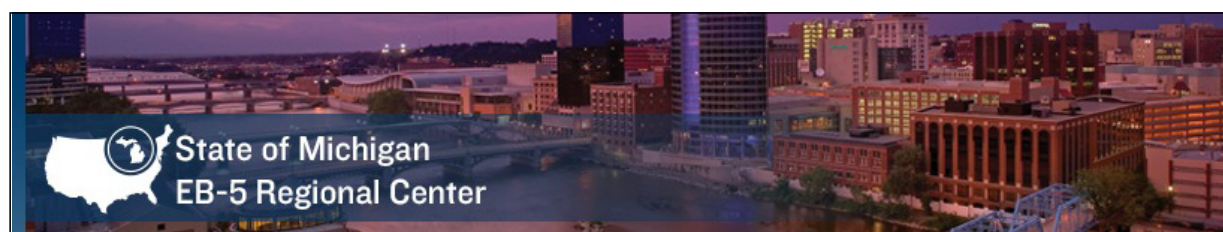
munities. He has an extensive background in economic development, local development finance and business development. He earned a Bachelor of Business degree from the University of Michigan-Flint and is a

Certified Economic Development Finance Professional from the National Development Council.

Scott Woosley – The Michigan State Housing Development Authority (MSHDA) Board of Directors unanimously approved real estate financial developer Scott Woosley as its new executive director in the fall of 2012 to manage the



agency that promotes community development and affordable housing. Prior to joining MSHDA, Woosley was a principal and one of the founders of Labor Management Fund Advisors, (LMFA) LLC, a Troy, Michigan-based full-service commercial and residential firm. Before he formed LMFA, he was managing director and portfolio manager for a \$1 billion commingled real estate fund. He has overseen the underwriting and due diligence for more than \$2 billion in equity, participating mortgages and credit enhancement facilities. Woosley is a chartered financial analyst and member of the CFA Institute, American Real Estate Society and the International Foundation of Employee Benefit Plans. He earned a bachelor's degree in accounting from George Washington University and an MBA from the University of Michigan. ■



Michigan.gov Home



Scott Woosley
President & CEO
Michigan Community
Development
Corporation



Joe Borgstrom
Director
State of Michigan
EB-5 Regional Center

MICHIGAN—OPEN TO THE WORLD

Opportunity awaits you in Michigan, where innovative ideas are fueling our state's success.

Some key indicators of recent success:

- Michigan is experiencing tremendous growth
- Our economy is recovering faster than most of the United States
- Unemployment is down
- Personal income is rising

To continue our forward momentum, State leaders are turning to the State-sponsored EB-5 Regional Center to champion foreign investment and job growth. The State of Michigan EB-5 Regional Center is uniquely qualified to serve as your investment partner and has a pipeline of investment opportunities to suit your needs.

- Investments of \$500,000 to \$1 million that create at least 10 full-time jobs here in Michigan, can lead to permanent legal residency
- Investment options can range from
 - real estate
 - state government development programs
 - supporting local businesses

Michigan only 2nd state to welcome immigrant investors with statewide EB-5 visa center



An Arabic-language brochure promotes the State of Michigan EB-5 Regional Center (Michigan.gov)

By Jonathan Oosting | joosting@mlive.com
Follow on Twitter

on April 09, 2014 at 7:08 AM, updated April 09, 2014 at 7:10 AM

LANSING, MI -- Michigan will become just the second state in the nation to manage its own regional center for an immigrant visa program that Republican Gov. Rick Snyder has championed as a tool to attract investors and create jobs.

MICHIGAN IMMIGRATION

Michigan looks to Asia, Middle East in bid to lure foreign investors, job creators



New Rule In Apop
FL:



Do glasses HARM
your eyes?



53 Year Old Woman
Looks 27

Do you know a WWII vet?



Michigan has 39,000 living WWII
veterans -- help us find them

... Read more about the project

Get the latest Lansing

by KRIS STELL
Managing Editor

EB-5 Visa Program – Two Different Sides

The dark, disturbing world of the visa-for-sale program is an indepth look at the EB-5 Immigrant Visa Program that brings up several major points. In this *Fortune Magazine* article by Peter Elkind and Marty Jones, the \$147 million Chicago Convention Center (CCC) scandal is the prime example of just how disturbing it can be, but it also looks at Regional Centers, middle-men, conflicts of interest, and the program's growing popularity.

On The Program

The EB-5 Immigrant Visa Program was enacted in 1990, with the goal being to create jobs where needed and bring in investment dollars to the U.S. For a \$500,000 investment, foreigners are allowed in the country and eventually given a green card if all goes well with the investment project. There are opposing views to this concept – those who value the job creation and economic stimulus aspects, and those that think America is being sold. The article authors state: "But because the EB-5 industry is virtually unregulated, it has become a magnet for amateurs, pipe-dreamers, and charlatans who see it as an easy way to score funding for ventures that banks would never touch."

A second point made by the authors: "EB-5 money isn't really creating jobs – it's merely saving developers money for projects that would be financed anyway. (Indeed, those big companies are actually "hijacking" money from worthy smaller investments in hard-hit areas, argues Michael Gibson, a financial adviser who vets EB-5 investments, and is managing director of EB5News.com and EB5info.com).

In the early days of the program, raising money through EB-5 wasn't easy, but when the economy nosedived in 2008 and banks stopped lending, EB-5 was a beacon of light. By 2014, EB-5 was bringing in \$1.8 billion and granting more visas than in its first 17 years combined. This dramatic increase in the program has lead to business start-ups, agents, brokers, conferences,

regional centers, all of who get a piece of the pie. Major players and developers are now in the arena, such as the \$20 billion Hudson Yards Project in Manhattan, and the \$1.3 billion Louisiana International Gulf Transfer Terminal. With so much growth in such a short amount of time, it's easy to understand how investors can be taken advantage of and how the USCIS and the SEC scramble to keep up.

However, in a separate *Fortune* article by Elkind, "Five by EB-5", completed successes within the program are featured which shows how well the program can work when operated correctly. The authors also mention the industry studies claiming that spending "associated with" EB-5 investors in 2012 contributed \$3.4 billion to the U.S. economy and "supported" 42,000 jobs," but also conclude that other studies, such as one by the Department of Homeland Security, can't actually make these claims, the program's true economic impact "is elusive at best." Reasons being employment credits ALL jobs of a project, even those paid for by traditional financing, and not just those that came out of the EB-5 funding.

Epic Fraud

To date the biggest EB-5 scandal has been the CCC,

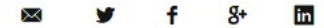


Hudson Yards' marketing brochure for China.

The dark, disturbing world of the visa-for-sale program

by Peter Elkind, Marty Jones @FortuneMagazine

JULY 24, 2014, 7:30 AM EDT



Whether you're a skilled technology worker or a poor laborer, it's getting harder to become a U.S. citizen. But for those with \$500,000 to buy their way in, it's a different matter. That's just the beginning of the problem.

On Nov. 15, 2012, about 100 people gathered in a parking lot near O'Hare Airport in Chicago for a ceremonial occasion: the demolition of a fleabag motel to make way for what was intended to be a world-changing construction project. Next door to a Hooters restaurant, just off the Kennedy Expressway, was to rise a commercial and environmental wonder—the "World's First Zero Carbon Platinum LEED-certified and 100% Allergen Free convention center and hotel complex." Lest anyone doubt its global eco-import, the project's developer was branding it as a "Kyoto Protocol Centre." At a projected cost of \$913 million, it was to include



and the writers plot out Anshoo Sethi's rise in great detail in the article, the man behind the CCC, which exposes the scandalous side of EB-5. His project, which was to include three connected towers containing five upscale hotels, convention space, and more, received EB-5 funding from over 300 Chinese investors who handed over \$147 million. Sethi's scheme was very broad: He paid top rates to Chinese agents, said the project had official government backing, submitted false documents, and lied about funding.

"Anybody who spent a few hours doing some level of due diligence would discover that none of the things Sethi and his agents were claiming were true," said Gibson.

Fortunately, the \$147 million was in



Anshoo Sethi, left, was behind the Chicago Convention Center, which was heavily marketed in China.

continues next page

escrow, and the USCIS never approved the provisional visas, so Sethi never got the money, only about \$10 million in administrative fees. In early 2013, the SEC was finally tipped off, and civil action ensued for over a year, ending in a March 2014 settlement.

Regional Centers

Regional Centers are brought into question in the article as well. An EB-5 Regional Center is an organization designated by United States Citizenship and Immigration Services (USCIS) that sponsors capital investment projects for investment by EB-5 investors. Generally they are private, for-profit entities that pool EB-5 funds for different projects or projects of their own. (The State of Michigan just created a state-run RC, the second of its kind in the U.S.) The major advantage for regional center designation is that the RC can take advantage of indirect job creation and have great control over a project when they are also the project developer.

"Like banks and Wall Street firms, regional centers sell securities and handle millions. Yet there are no rules on who can own or run a center, and no audit require-

ments. A regional center doesn't have to report publicly on its performance, identify its principals, or disclose any financial, legal, or regulatory problems they have encountered."

Future of EB-5

How does the EB-5 Immigrant Visa Program evolve and move forward? In 2014, the USCIS resumed its stakeholder teleconferences, where critical issues such as regional center expansion, processing time, bridge loans, etc. are discussed. USCIS has also launched a new cloud sourcing tool called "USCIS Idea Community." All of these are steps in the right direction. ■

by BERNARD WOLFSDORF
Esquire,
in cooperation with
AILA's EB-5 Committee



China EB-5 Visas "Unavailable" for Remainder of FY2014 What Does This Mean?

On Saturday, August 23, 2014, Charles Oppenheim, Chief of the Department of State Immigrant Visa Control and Reporting Division, announced that, effective immediately, the EB-5 preference category had become "unavailable" for Chinese applicants. This announcement was made at the sold-out AILA EB-5 Conference in Chicago during the "China Issues Panel". The conference recordings will be available on AILA Agora shortly.

DOS Alert: China EB-5 "Unavailable" for Remainder of FY2014

Effective immediately Saturday, August 23, 2014 the China Employment Fifth (EB-5) preference category has become "Unavailable" for the remainder of the FY-2014. This action is necessary because the maximum level of numbers which may be made available for use by China EB-5 applicants during FY-2014 has been reached.

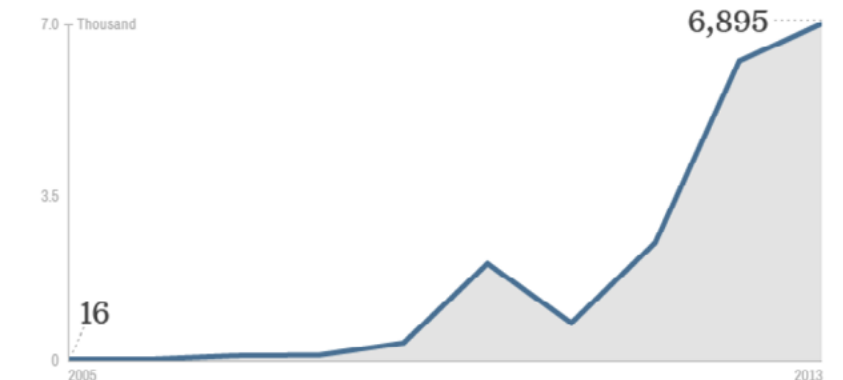
Department of State Processing: The establishment of a monthly cut-off or "Current" status for a numerically controlled preference category applies to those applicants who were reported documentarily qualified prior to the determina-



U.S. runs out of investor visas as Chinese overwhelm program

By Sophia Yan @sophia_yan August 28, 2014: 3:10 AM ET

EB-5 U.S. visas issued to the Chinese



NOTE: FIGURES DO NOT INCLUDE VISAS ISSUED TO RESIDENTS OF HONG KONG OR TAIWAN. SOURCE: U.S. STATE DEPARTMENT

HONG KONG (CNNMoney)

The United States has exhausted its annual supply of EB-5 immigrant investor visas for the first time in the program's history following a surge of applications from Chinese nationals.

The State Department's chief of visa control, Charles Oppenheimer, told lawyers at an industry conference earlier this week that no more spots will be available to Chinese for the rest of the fiscal year, which ends Sept. 30. Several attendees confirmed his comments to CNNMoney.

tion of cut-off dates and allocation of visa numbers for that month. Therefore, all China EB-5 applicants who have been scheduled for interview at an overseas post based on the original establishment of the August and September cut-off dates would have been allotted visa

numbers for potential use by their case. Such applicants will not be impacted by the "Unavailability" of the China EB-5 category for the remainder of FY-2014. In this context, "Unavailable" means that no additional numbers are available for "comeback" cases originally scheduled



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Huge Chicago EB-5 Multi-Hotel Project Under Scrutiny by Investors

Michael Gibson November 29, 2011 0 Comments Investigations

Like 0 Tweet 0 +1 0 Share 0 Share 2

Several Chinese agents and investors are calling into question the claims being made by a new EB-5 Visa Regional Center, The Intercontinental Regional Center Trust of Chicago.

Reporting on the IRCTC: EB-5News

EB5News published several reports on the IRCTC fraud, the first in November of 2011 and then in the aftermath of the SEC action in February 2013.



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SEC & USCIS Take Action to Stop EB-5 Visa Scheme Committing Fraud

February 10, 2013 0 Comments Fraud

Like 0 Tweet 0 +1 0 Share 0 Share

In a coordinated action unprecedented in our industry's history, the SEC and USCIS have coordinated to stop the activities of Anshoo Sethi and the EB-5 designated Intercontinental Regional Center Trust of Chicago (IRCTC) from continuing to misappropriate funds from overseas immigrant investors in connection with the "A Chicago Convention Center LLC" offering that he and Chinese migration agents were heavily promoting to investors.

for interview in an earlier month who are just now returning, or for those first requesting an interview. The only exception would be if a post had "otherwise unused" numbers available, because applicants either failed to appear or failed to overcome a refusal during the month (i.e., August or September) of originally scheduled interview.

U.S. Citizenship and Immigration Services (USCIS) Processing: USCIS offices may continue to accept and process China Employment Fifth preference cases and submit them in the normal manner. However, instead of being acted upon immediately, those cases will be held in the Visa Office's "Pending Demand" file until October 1, 2014. At that time, all eligible cases will be automatically authorized from the "Pending Demand" file under the FY-2015 annual numerical limitation. Each USCIS requesting office will receive an e-mail notification of such authorizations, which will be effective immediately.

Charles Oppenheim, U.S. Department of State, Chief, Immigrant Visa Control and Reporting Division

This Practice Alert provides further information and discusses some of the practical implications of this recent announcement.

It is important to note that a China EB-5 cut-off date has not been established. Moreover, the Visa Bulletin

for September 2015 (which states that China EB-5 is still "Current") has not been amended. Therefore, this is not a visa retrogression.

"Unavailable" simply means that for the first time since the EB-5 program was created almost 25 years ago, the full quota will be used and the maximum number of EB-5 immigrant visas which could be made available for Chinese applicants had been reached, while still leaving sufficient numbers available for use by all other countries to ensure compliance within the annual Fiscal Year 2014 allocation.

A new allocation of about 10,000 visas will be available on October 1, 2014, the beginning of the Fiscal Year 2015, so there will be virtually no impact on most China EB-5 Category visa applicants who complete processing within the next 6-8 months.

EB-5 visa interviews will proceed as scheduled at the consulates in August and September 2014 since visas have already been allocated for these scheduled interviews and visa issuance will proceed in August and September for qualified applicants. (Technically, an exception is applicants with August or September "comeback" interviews (i.e., after failing to prove themselves documentarily qualified at an earlier interview). If approvable, they will have to wait until at least October 1 to obtain a visa.)

Immigrant visas will continue to be valid for 6

months from the date of issuance, and applicants should be sure to enter the US before the expiration date of the issued immigrant visas, as requests for issuance of replacement visas to accommodate travel to the U.S. outside of that 6-month period may not be possible.

USCIS does not request immigrant visa numbers from State for I-485 adjustment of status applications until the time of adju-

dication. If visa numbers are unavailable at the time of review USCIS will hold the application in abeyance pending availability of visa numbers.

EB-5 adjustment of status processing by USCIS will proceed; however, issuance of immigrant visas to China EB-5 category applicants will be authorized effective October 1, 2014, when the new Fiscal Year 2015 allocation is available.

Applicants chargeable to China who are cross-chargeable to another "Foreign State" (e.g., Hong Kong, Macau, Canada, France, etc.) based on marriage or other claim may request alternate chargeability for August or September visa issuance, but this is not assured as the annual allocation for all Foreign States is almost depleted.

Since the Visa Bulletin has not been amended (i.e., visa numbers are still listed as "available"), eligible China EB-5 category applicants may continue to file for adjustment of status in August and September 2014.

Since other employment and family visa numbers already have wait lines, why is this announcement significant? The reason is this is the first time the EB-5 category has reached the annual limit and the State Department appears to be providing a warning that the China EB-5 category will become oversubscribed and require the establishment of a cut-off date, possibly as early as May 2015, near the end of the third quarter of Fiscal Year 2015.

The announcement is important because it is clear evidence that the increasing EB-5 demand of 700% since 2007, mentioned by new USCIS Director Leon Rodriguez, will certainly result in the establishment of a China cut-off date in Fiscal Year 2015.

It is impossible to determine what the "date gap" will be when it is announced, most likely in May 2015. There are estimates the wait line will be approximately 2 years. Since most I-526 petitions are presently taking 15-16 months (Requests for Evidence are commonplace), the additional wait of about 6 months does not appear unduly worrisome, yet. The concern is that once a China EB-5 cut-off date is established, the Department of State may have to retrogress that cut-off date, depending on the number of petitions approved, and, the cut-off date may not move forward every month. With over 10,000 petitions currently pending with USCIS and about 3,000 filed in the last quarter ending June 30, 2014, this wait line is likely to increase.

Consequences may include possible age-out of derivatives, and complex issues regarding the timing of the job creation, the requirement for which is currently

set artificially at 30 months from approval of the I-526 petition (at the I-526 stage), and 36 months from the time of acquisition of conditional permanent residence (at the I-829 stage). There may be necessary material changes in business plans as a result of delays in issuance of immigrant visas to EB-5 applicants chargeable to China.

In summary, there is no significant concern for Chinese applicants who are already far enough along in the pipeline this year, but this State Department announcement, along with Mr. Oppenheim's spoken comments at AILA's EB-5 Conference in Chicago, appears to be an indication that once established, the cut-off date for the Fiscal Year 2015 may significantly impact EB-5 immigrant applicants chargeable to China from that point forward.

At the AILA EB-5 Conference in Chicago and in subsequent informal discussions, Mr. Oppenheim also noted that many references he encounters regarding the visa allocation system use incorrect technical terminology, so he provided the following guidance and examples regarding the difference between "oversubscription" and "retrogression," not only with respect to EB-5, but also with respect to other categories as well:

Oversubscribed/Oversubscription: The category had been "Current", but the level of demand will require the establishment of an initial cut-off date. This could be on a Worldwide, individual Country/Preference basis.

Retrogress/Retrogression: There is currently an established cut-off date, but the level of demand will require the next month's cut-off date to be even earlier than the current one.

Hypothetical Examples:

Oversubscribed/oversubscription: A particular immigrant visa category was previously "Current", but at some point during Fiscal Year 2015 the level of demand will require the establishment of a cut-off date for month X, in an effort to hold number use within the allowable limit which can be made available.

Retrogress/Retrogression: The current month's Visa Bulletin shows a cut-off date of January 1, 2012, but the level of demand within that date will exceed the number of visa slots available for use during the next month, requiring the establishment of a July 1, 2011 cut-off date for the next month. ■

THE WALL STREET JOURNAL. U.S.

U.S. NEWS

Investor Visas Soaked Up by Chinese

EB-5 Program Allows Funders of U.S. Projects to Bypass Normal Wait; Supply All but Gone for Year

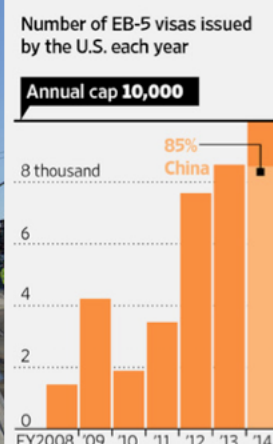
By MIRIAM JORDAN CONNECT

Updated Aug. 26, 2014 11:18 p.m. ET



The Barclays Center in Brooklyn, N.Y., received EB-5 visa funding. Agence France-Presse/Getty Images

Due to a surge in Chinese participation, the U.S. for the first time is on course this fiscal year to run out of immigrant-investor visas that offer a fast track to permanent residency.



Note: Fiscal year ends Sept. 30
Source: State Department
The Wall Street Journal

Beijing Forum Facilitates EB-5 Connections

Initiative for a Competitive Inner City (ICIC) will be hosting a seminar on July 1 at Harvard Kennedy School in Cambridge, Mass. titled "Impact Investing in Inner Cities: Putting Foreign Capital to Work Through EB-5."

The 2014 Overseas Investment & International Wealth Management Forum (OIIF) will be held September 13-15 in Beijing, China. This three-day EB-5 and investment-focused, immigration-linked conference is a deal-making platform. It's goal is to boost overseas investments, promote economy development, increase foreign trade and strengthen cultural exchange between China and the world.

There will be panel discussions, project presentations, training seminars, keynote speakers, roundtable meetings, cocktail/networking parties and special guests from banking and financial organizations, consulates and embassies, and investors.

The forum allows Chinese immigrant investors to seek out EB-5 projects, real estate investments and other investment products and services from exhibitors and has over 2,000 attendees, 50 companies and 60 immigration agencies. Visitors consist of agencies and representatives, entrepreneurs and CEOs, corporate investors, wealthy Chinese looking to emigrate and more.

Being held at the Grand Millennium Beijing Hotel, OIIF is organized by the non-profit social organization Overseas Investment Immigration & Wealth Management Union (OIIU). This organization is comprised of entrepreneurs from around the world, well-known law firms domestically and abroad, USCIS-designated regional center representatives, developers from the U.S., overseas real estate developers, top global financial and investment institutions, and the first-level commercial chambers at home and abroad.

Survey Says

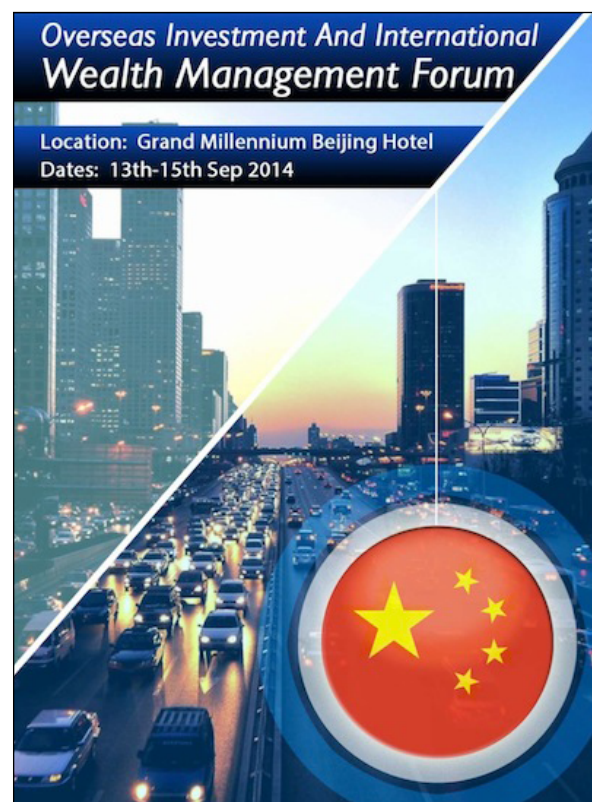
A recent survey from Minsheng Bank and McKinsey shows that the rapid development of the Chinese economy has created high net worth individuals and the number is continuing to rise; the Compound Annual Growth Rate of which will hit 20% and achieve two mil-

lion by 2015.

Published by China international immigration report from "blue book for international talents," the total amount of Chinese "overseas immigrants" has reached 9.34 million and has risen 128% in the past 23 years. China became "the 4th largest emigration country" while it only ranked No.7 in 1990.

At the same time, wealthy Chinese people purchasing building property has become a trend in development, as China's real estate market is regulated continuously, more and more Chinese begin to invest in real estate overseas.

According to "Trend of Chinese Houses Buyers' purchasing property overseas in 2012", the present domestic individuals who purchased property overseas are mostly from Beijing and Shanghai.



Agenda

Here is a synopsis/sample of the agenda:

1. Project presentation
2. Immigration Policy and Trend Discussion
3. Hot Issues Analysis for Overseas Investment
4. Wealth Management and Financial Services
5. The most Credited institutions and influential brand Award Ceremony
6. Private business communication

Sampling of OIIF Speakers

Jor Law – practices corporate and business transactional law in Los Angeles and is a founding shareholder of Homeier & Law, P.C. In addition to his regular practice, Jor routinely advises on corporate and securities aspects of EB-5 related transactions. In that capacity, Jor represents both investors looking to invest through the EB-5 program as well as businesses seeking capital through the EB-5 program including through regional centers.

Emanuel Organek has been engaged in real estate investment, property management, and asset management for over 35 years, both for properties in which he has had an ownership role and for third-party institutional and private owners. Various entities and affiliates that he owns and controls are currently engaged and asset management, including continental Realty management Corporation and Tuppence Management Corporation.

Bernard Rajano founded Xecute EB-5 Business Solutions, one of the oldest consulting firms exclusively providing services focused on EB-5 projects. He is regarded as one of the top and most experienced EB-5 project and regional center development business consultants.

Michael Gibson is the Managing Director of US Advisors and is a Registered Investment Advisor (CRD #

157403). His previous work experience was with Citicorp where he worked in the Capital Markets and Investment Banking divisions as a broker-dealer, securities, foreign exchange, derivatives, money market, credit and debt analyst and portfolio risk manager. In 2007 he established USAdvisors.org as an organization to assist foreign nationals with their EB-5 investment decisions.

Rowena Lin is the Managing Partner of Dacheng Law Offices at San Francisco and is head of the firm's Immigration Practice. She focuses primarily on investment and business immigration matters, foreign direct investment, real estate transactions, and general corporate matters. Mrs. Lin specializes in the EB-5 immigrant investor program, including project investment due diligence, individual immigrant USCIS submissions, and Regional Center formation and advising.

Details

If you purchase your ticket in advance, cost is \$995; at-door cost is \$1,500. For more information, email info@oiif.org. For group, exhibitor and sponsor packages, e-mail usa@oiif.org. ■



Jor Law

Emanuel Organek

Bernard Rajano

Michael Gibson

Rowena Lin

Chicago Convention Center Tipster in Lawsuit

We've reported several times on the Chicago Convention Center scandal that was brought to a halt by the Securities and Exchange Commission (SEC) in February 2013, an unprecedented action at the time. The project was orchestrated by Anshoo Sethi, who raised \$147 million from Chinese investors through the EB-5 Immigrant Visa Program. Come to find out the SEC was tipped off about the suspected fraud through its whistleblower hotline, with the result being a reward to the tipster of 10 percent or \$14.7 million.

An article, "Whistleblower unmasked as partners battle over \$14.7 million award," in *Fortune Magazine* by Peter Elkin and Mary Jones, reports that the identity of the whistleblower has been revealed as Michael Sears, a principal in a small Virginia-based firm called Global Capital Markets Advisors which manages real estate investment funds, as he is now being sued by his business partner John Tung over the reward. The lawsuit was filed in Chicago in June and has since been sealed, but not before it identified the anonymous tipster.

According to the article, Tung claims that Sears welched on an agreement to share the windfall from the tip, which he says resulted from "their joint efforts and investigation."

Tung asserts that he, Sears, and a third partner in their business, Michael Kolodner, 63, became increasingly suspicious of Sethi's project during 2012 after learning about it while promoting an EB-5 investment of their own to Chinese investors. Tung insists that, although Sears is the one who traveled to China, the three men collaborated in investigating the Chicago project, and that Sears made "an unambiguous promise" to share in any bounty.

Sears has a different story, that while traveling in China he became suspicious of the Chicago project that was being heavily promoted while he was there. He spent 30 minutes filing out the whistleblower form and later met with the SEC.

"John Tung had nothing to do with

this case other than engaging in casual conversations with me and taking pictures of the investment project in Chicago, which were requested by the SEC," Sears says in an affidavit dated July 14.

Regardless of what happens in the fight over the reward, the tip did put a halt to Sethi's scheme and lead to the return of \$147 million to the nearly 300 Chinese EB-5 investors who had put up the money in hopes of receiving green cards. ■



Partners involved in the dispute, Michael Sears, Michael Kolodner, John Tung (left to right)

Whistleblower unmasked as partners battle over \$14.7 million award

by Peter Elkind, Marty Jones @FortuneMagazine
JULY 23, 2014, 6:18 PM EDT



CIS Ombudsman 2014 Annual Report Released

The Office of the Citizenship and Immigration Services Ombudsman has submitted, pursuant to section 452(c) of the Homeland Security Act of 2002, its 2014 Annual Report, which includes coverage of the EB-5 Immigrant Investor Program concluding that "the new adjudication unit and the updated policy guidance usher in a new era for this increasingly popular investment and job-creating program."

The report states:

The Immigrant Investor program has presented USCIS with significant challenges due to many variables, including the complexity of projects, the financial arrangements with investors, and the attribution of job creation to the investment. In April 2013, USCIS relocated adjudications to Washington, D.C. and issued new guidance addressing several longstanding stakeholder concerns. While stakeholders continued to raise concerns with adjudication delays, the Ombudsman than in the 2013 reporting period (441 requests).

Individual immigrant investor filings, submitted on Form I-526, Immigrant Petition by Alien Entrepreneur, increased 504 percent between FY 2008 and 2013. Project developers and financiers across the United States are now working with EB-5 Regional Centers, as well as with state and municipal governments, to use EB-5 funds as one part of financing for large-scale commercial and public development projects. Form I-924, Application For Regional

Center Under the Immigrant Investor Pilot Program, filings have also increased over the same period (see Figure 12 next page).

Bright Future

In a January 2014 teleconference, USCIS updated stakeholders on the transition of EB-5 adjudications from the CSC to the Washington, D.C.-based IPO, and



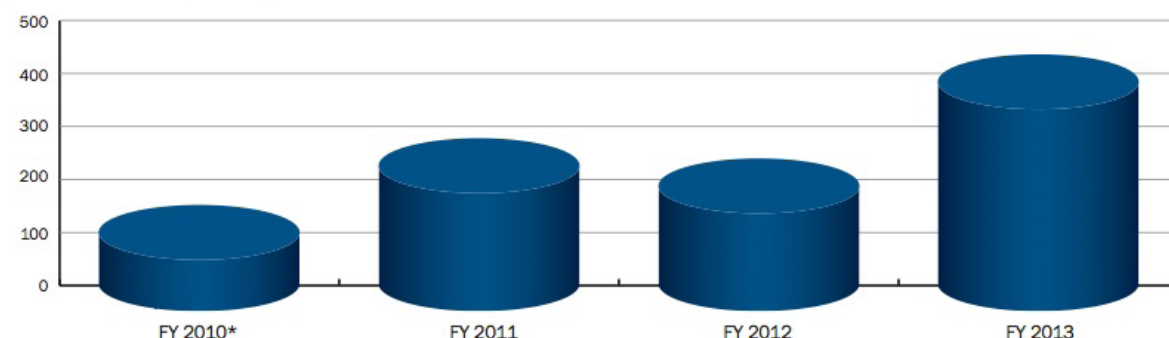
Annual Report 2014

Citizenship and Immigration Services
Ombudsman

June 27, 2014



FIGURE 12: FORM I-924, APPLICATION FOR REGIONAL CENTER UNDER THE IMMIGRANT INVESTOR PILOT PROGRAM



Source: Information provided by USCIS (May 16, 2014).

*Form I-924 came into use on November 23, 2010.

noted that, due to the transition, processing times will likely increase throughout the remainder of FY 2014, as the IPO on-boards and trains approximately 100 new adjudicators, economists, and other staff. Program leaders expressed determination that when the IPO is fully operational, USCIS will reduce processing times, and improve the predictability and consistency of EB-5 adjudications.

"USCIS's efforts to address gaps in policy and improve operations in the EB-5 Immigrant Investor program are noteworthy. Shortly before publication of our 2013 Annual Report, USCIS issued comprehensive new policy guidance. The agency also relocated its adjudications

unit to Washington, D.C.; hired a new program office lead, adjudicators, and economists; and re-started stakeholder engagements. The result is a transparent and rejuvenated investment and job creation program, with a focus on customer service and integrity," wrote Maria M. Odom, Citizenship and Immigration Services Ombudsman, in the report summary. ■

EB-5 Gets Praised by Major Businessmen

A July 10 New York Times opinion piece titled "Break the Immigration Impasse" praises the EB-5 Immigrant Investor Program. It was written by American business magnates Sheldon Adelson, Warren Buffett and Bill Gates. The article urges our legislators to work together on immigration reform. "You don't have to agree on everything in order to cooperate on matters about which you are reasonably close to agreement. It's time that this brand of thinking finds its way to Washington," it states.

They evaluate the current situation of immigration and offer solutions to the stalemate on reform: "We believe it borders on insanity to train intelligent and motivated people in our universities — often subsidizing their education — and then to deport them when they graduate."

"We also believe that America's self-interest should be reflected in our immigration policy. For example, the EB-5 "immigrant investor pro-

gram," created by Congress in 1990, was intended to allow a limited number of foreigners with financial resources or unique abilities to move to our country, bringing with them substantial and enduring purchasing power. Reports of fraud have surfaced with this program, and we believe it should be reformed to prevent abuse but also expanded to become more effective. People willing to invest in America and create jobs deserve the opportunity to do so. New citizens like these would make hefty deposits in our economy, not withdrawals."

Here for the entire op-ed piece. ■



Warren Buffet Bill Gates Sheldon Adelson

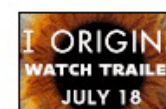
The Opinion Pages | OP-ED CONTRIBUTORS

Break the Immigration Impasse

Sheldon Adelson, Warren Buffett and Bill Gates on Immigration Reform

By SHELDON G. ADELSON, WARREN E. BUFFETT and BILL GATES JULY 10, 2014

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AMERICAN citizens are paying 535 people to take care of the legislative needs of the country. We are getting shortchanged. Here's an example: On June 10, an incumbent congressman in Virginia lost a primary election in which his opponent garnered only 36,105 votes. Immediately, many Washington legislators threw up their hands and declared that this one event would produce paralysis in the United States Congress for at least five months. In particular, they are telling us that immigration reform — long overdue — is now hopeless.

Americans deserve better than this.



EB-5 Project Database: Knowledge-Based Investing
www.EB5Projects.com

- Search and compare to find the best Regional Center and Direct (Franchise) Investments
- Background, credit and suitability reports on the Projects, Regional Centers, Developers and Operators
- Independent research, due diligence and risk analysis reports on the investments and principals
- Invest directly: get higher quality investments at lower costs (no agents or finders)





China's state television

accused Bank of China, one of the biggest state-owned commercial banks in China, of violating the currency exchange rules and being involved in shadow banking and money laundering on a large scale. This news is rather alarming to the EB-5 community as China provides more than 85% of the EB-5 investment coming into the United States.

Bank of China Program Ease Currency Restriction

The EB-5 program offers foreign investors a pathway to US permanent residence. The investors invest \$1 million, or \$500,000 as most investors do, in a targeted employment area or rural area and create ten jobs, the investors will be granted a green card in the matter of approximately five years.

According to Chinese currency exchange laws and regulations, a Chinese national can send only \$50,000 a year out of mainland China. In late 2011, the Bank of China launched "Youhuitong" (translation: preferential remittances) service eliminating the \$50,000 restriction and exchange RMB into USD internally from

Bank of China Money Laundering Accusation Crisis

Is This the Start of Cooling off for EB-5 Investment from China?



the bank's offshore accounts in London or Paris. Many China commentators and observers believed it is a positive sign of China opening up its highly controlled capital market and it is part of China's grand plan toward Chinese currency RMB internationalization.

The program is experimental yet legal. It is rather peculiar that China central television attacked Bank of China's "Youhuitong" as "illegal" and "secretly operating." Since launched in 2011, the Bank of China program has been used to send about 20 billion RMB, or \$3.2 billion US dollars out of the country. Bank of China is not the only state-owned com-

mercial bank that offers said services, though the only one being attacked by the central television.

Government Aims to "Cool" EB-5 Investments

From completing due diligence for this article, I spoke to several practicing Chinese banking lawyers who are of the opinion it is a sign that the Chinese government are cooling down the EB-5 market and overseas property investments. Since Bank of China launched the program, the users of the program are primarily EB-5 investors and investors who exchanged currency to acquire

overseas properties.

In the first quarter of 2014, China's outbound real estate investment increased by 25% and reached \$2.1 billion. Chinese real estate developers have aggressively made overseas investment since late last year. Chinese developer Wanda Group just announced their plan to invest \$900 million to build a new skyscraper in Chicago. Earlier this year, Wanda Group acquired the Spanish landmark building in Madrid for \$358 million. Greenland acquired 70% equity ownership of Brooklyn Atlantic Yard in New York City, a controversial EB-5 project, which raised nearly \$250 million from 498 Chinese investors by April 2014 for its phase II development.

In recent years, there has been rapid growth in the cross-border RMB business in response to global market developments and the internationalization of the Chinese currency RMB. Bank of China issued a statement on July 9, 2014 stating that the "Reports of 'underground banking' and 'money laundering' have no basis in fact". The statement was amended shortly after publication to remove the name of the TV broadcaster and other related details.

The incident is also believed to be President Xi Jinping's efforts to crack down on the corruption. China's recent Anti-Corruption Campaign has sweeping effects and I believe it will change the demographics of the EB-5 investors. The offspring of "naked officials" accounts for a significant number in the EB-5 investors. "Naked officials" are those who send their families

abroad to live and study while they stay behind in China to continue their posts in the government. Yet officials' source of wealth and the manner of transfer the wealth is questionable.

EB-5 investors traditionally use currency exchange facilitators to exchange the currency at \$50,000/per person. The said method has not been prohibited by the State Administration of Foreign Exchange. Another way to exchange currency is through underground banking in Hong Kong. Both methods have not been questioned either by the Chinese authorities or by the USCIS.

Bank of China temporarily suspended their cross-border RMB business. I learned that a significant amount of EB-5 investors' funds are stuck in the process and are currently frozen at the Bank of China's London offshore account. It is unclear when the suspension will be removed. ■

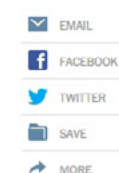
Courtesy to Didi Kirsten Tatlow of New York Times' article China's Central Bank Investigates Report of Money Laundering

Yi Song, Esq. is an attorney at Mona Shah & Associates in New York City. Yi is a dual licensed attorney in the US (New York State) and in People's Republic of China. She clerked at China's highest court – the Supreme Court of People's Republic of China. At Mona Shah & Associates, Yi practices EB-5 law and securities law and works on many successful EB-5 capital raising projects.

INTERNATIONAL BUSINESS

China's Central Bank Investigates Report of a Bank's Money Laundering

By DIDI KIRSTEN TATLOW JULY 11, 2014



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BEIJING — China's central bank is investigating a report by state television that a major Chinese bank is helping clients transfer large amounts of money overseas in a program that violates currency controls, Xinhua, the state-run news agency, said Friday.

The station, China Central Television, or CCTV, caused a scandal when it broadcast a program on Wednesday accusing the Bank of China of money laundering on a large scale.

"We have noticed the media report about a commercial bank's cross-border renminbi business, and are verifying related facts," Xinhua quoted a spokesman for the central bank, the People's Bank of China, as saying. The spokesman did not identify the commercial bank.



China Central Television, or CCTV, broadcast a program accusing the Bank of China of money laundering. Greg Baker/Agence France-Presse — Getty Images

Putting Foreign Capital to Work Through EB-5

A July 1, 2014 conference titled "Impact Investing in Inner Cities: Putting Foreign Capital to Work Through EB-5,"

gram could be an effective investment tool to achieve the goal of directing more resources to America's distressed urban core, but it is underutilized. A recent report by Brookings estimates that since 1990, the year the program

potential of the EB-5 program as a tool for impact investing in inner cities. The following recommendations are offered to the community of organizations engaged in impact investing to help them fully leverage this tool to maximize

Increasing Economic Opportunity In Distressed Urban Communities With EB-5

brought together philanthropic leaders, economic development professionals, policymakers and investors to begin a discussion about finding the right opportunities to leverage the EB-5 program in America's inner cities. The full-day agenda, featuring 20 experts, explored the EB-5 program's untapped potential as a tool for impact investing.

Hosted by the Initiative for a Competitive Inner City (ICIC) at Harvard Kennedy School in Cambridge, Mass., it was concluded that the EB-5 pro-

was created, EB-5 has captured approximately \$5 billion in direct investments and created over 85,000 full-time jobs. Last year, the government received over 6,300 applications to the EB-5 program.

The conference's executive summary states: The EB-5 program seems to have been largely overlooked by city governments, economic development corporations, foundations and other organizations actively promoting inner city investment. This may be due in part to the relative obscurity and complexity of the program. The program also unfortunately suffers from a negative reputation due to a few high-profile cases of fraud and the bureaucratic labyrinth associated with many government programs.

The ICIC aims to stimulate a new dialogue by offering insights into the

economic opportunity in distressed urban areas.

Recommendations

- Develop an educational campaign to increase awareness about the opportunities and challenges of the EB-5 program, particularly in connection with traditional economic development tools.
- Build a nexus of EB-5 experts that could be leveraged in urban areas across the U.S. to provide the necessary technical assistance.
- Identify and invest in EB-5 projects to direct more projects to distressed urban areas, accelerate EB-5 deals in target neighborhoods, and ensure successful outcomes.

In an article on the ICIC website titled, "Using Retail as a Tool for Broader Revi-

talization," Michael Porter, Harvard Business School professor and ICIC founder and chairman states, "The inner city retail opportunity is immense. Retail is one of the biggest economic development opportunities in the inner city. It has tremendous win/win potential for both the community and retailers. But the potential remains unheeded."

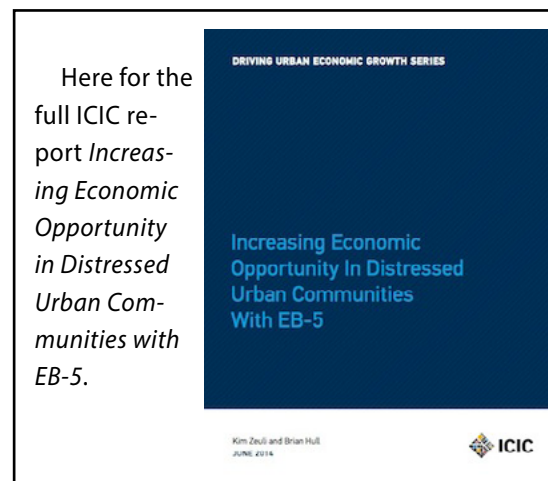
About ICIC

Founded in 1994 by Harvard Business School Professor Michael Porter, the Initiative for a Competitive Inner City (ICIC) is a nonprofit research and strategy organization and the leading authority on U.S. inner city economies and the businesses that thrive there. ■

Featured conference speakers:

- Peter Joseph, Executive Director, Association to Invest in the USA
- Michael Gibson, Managing Director, USAAdvisors
- Bill Stenger, President, Jay Peak Resort
- Keith Burwell, President of the Toledo Community Foundation
- Christopher Kui, Executive Director, Asian Americans for Equality
- Gabriel Hidalgo, Managing Director, Civitas Capital Group
- David Ehrenberg, President & CEO, Brooklyn Navy Yard Development Corp.
- Matt Gordon, Managing Director, Hussar & Co., E3 Investment Group

“Retail is one of the biggest economic development opportunities in the inner city. It has tremendous win/win potential...”



Here for the full ICIC report *Increasing Economic Opportunity in Distressed Urban Communities with EB-5*.



Michael Gibson, far right, managing director of USAAdvisors and EB5 News, was one of the featured speakers at the conference.

EB-5 Investments Hits Social Media



Follow this industry-leading resource on EB-5 projects and investments through your favorite social media outlet.

The future of EB-5 investing is located at www.eb5projects.com, where investors can find information on EB-5 Regional Center and Direct (Franchise) projects to determine which one is the best investment for you. The site gives you access to independent third-party research and due diligence reports. This eliminates the need for agents and finders as you can access project details and contact the representatives directly.

EB5Projects.com gives you the tools to provide the best service possible to your clients; you'll be able to answer the questions your clients ask such as how many projects are being offered? Who is offering them? Which ones appear to offer the best chance to achieve immigration and investment goals?

Project Representatives

As a project representative, you can distribute your project information to a wide network of potential investors, their attorneys and advisors without having the expense of travel or hosting seminars. You can reduce subscription and administrative costs to investors by issuing directly without the need for an agent or finder.

EB5Projects.com currently has 328 projects and is your guide to basic projects details: project name, project image, investmenttype, project category, percentage of EB-5 funds used in the project, investment amount, total job creation, Regional Center under which the project falls, state, project location, overall funding required, total EB-5 funding required, project Description, project location description, and project timeline.

This site also provides a detailed outlook on the EB-5 project – associated fees, risks, capital structure, job creation, documents and escrow. ■

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